

EXHIBIT 10

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Andy Campion, chief operating officer of Nike Inc.

Andy Campion Offers a Peek Behind the Curtain

Improving speed to market by diversifying suppliers, opening local distribution centers and a new technology hub are in the company's plans. BY JEAN E. PALMIERI

Technology is the connective tissue that keeps a company running.

So says Andy Campion, chief operating officer of Nike Inc., who navigates the company's enormous and exceedingly complex global supply chain to ensure the right product winds up in consumers' hands at the right time.

Even before the pandemic wreaked havoc on manufacturing and the delivery of materials and products, Nike had launched a strategy that it calls the Consumer Direct Offense, Campion said, which focused on key cities, accelerated product creation and mobile shopping.

"We needed to move from focusing on the Olympics and World Cup to more of a relentless flow – a more consumer-focused flow," he said. "When we think the consumer will be ready for something new, we should have it."

Then the pandemic hit and the company was faced with unprecedented challenges. "Should we close all our stores?" Campion recalled asking. "And if we're going to do that, what do we do with our distribution centers? It was reactionary."

He tasked his team with "looking at that

transformational plan to see if we have to do this more immediately."

The answer was yes.

Although the company had known for a while that everyone from kids to grandparents were connecting, shopping and buying digitally, the health crisis amplified this channel choice. And with all stores closed, Nike's entire business was now digital.

Since Nike started out as a wholesaler 50 years ago, the company's supply chain had been largely set up to service other retailers. "But what we realized is, we're going to need to transform – not only go direct, but transform our supply chain, because our supply chain to that point was largely set up for wholesale," Campion said.

So instead of using its national distribution center in Memphis, Tenn., as a centralized shipping source to service Foot Locker, Dick's Sporting Goods and other retailers, Nike tripled its digital distribution capability at that facility as it sought to build a "digital-first supply chain at scale," Campion said.

It also opened regional service centers

in the U.S. and Europe to fulfill newly implemented features such as curbside pickup or buy online, pick up in store and no rush shipping to emphasize sustainability. These include centers in Los Angeles, Bethlehem, Pa., and Madrid, with Dallas coming on board later this year. The goal is to get product in customers' hands within four days or less.

"We said we've really got to accelerate our technology transformation, our technologies are too fragmented," he explained. The company needs platforms that more effectively connect all its parts, whether that's inventory in stores, on apps or purchased through mobile devices.

Campion used this analogy to explain the thinking: "Sometimes when you think about things like supply chain and technology, it's like the power company. I don't know how it works, but I'm pretty ticked off when it goes out."

So to further its efforts, Nike last month said it will open a technology center in Atlanta next year with a focus on logistics and supply chain, cybersecurity and the exploration of artificial intelligence and machine learning – two emerging areas in which it has begun dabbling.

"At Nike, adversity has always been a catalyst for innovation and fueled our competitive separation, and the past two years have been no different," Campion said. "The challenges and constraints imposed by the pandemic have driven our teams to transform how we serve consumers through the implementation of new technology platforms, automation and process improvement in our operations."

Using AI and machine learning, Nike is leveraging technology to deliver more quickly and precisely without compromising sustainability, the company said. Within its distribution centers, Nike is also using more than 1,000 "cobots" (collaborative robots) to aid employees in the sorting, packing and movement of products, increasing speed of processing.

For the new center, Atlanta was chosen in part for its wealth of engineering talent, Campion said, as well as the fact that it is an "epicenter of sport, culture and diversity."

He continued: "As I've gotten older, I've realized just like most things in the world, when you say supply chain, it's not a conveyor belt, it's people, it's millions of people. And when you say technology, it's not a computer, it's thousands of engineers who are writing code and testing code and implementing it. So the whole idea was, if we're going to be great at digitally transforming this company, it's going to start with talent."

Campion said that despite the well-publicized global supply chain issues that have handcuffed much of the industry for months, Nike is hanging tough. "On the one hand, the supply chain is more productive than ever in the amount of goods being produced – I think it was up 8 percent last year and that's not in price, that's in units. Demand is incredibly strong and we've got three to four times greater digital commerce distribution capability than we had two years ago."

He said since Phil Knight founded the company a half century ago, "he's always wanted to build the greatest, most enduring company – the greatest in all facets, not just financial, but impact on the world. When we look at the next 50 years, we've got to be driving an end-to-end transformation that extends beyond our enterprise and into our ecosystems." That includes addressing everything from social injustice to climate change – anything that can impact consumers' abilities to play sport.

Returning to the supply chain, Campion said that although Nike's finished-goods factories are dedicated almost exclusively to creating Nike product, they haven't been immune to labor and raw materials shortages. This has led to increased shipping times from Asia to the U.S. by around four to six weeks, he said. Although better than many other companies, which are running a month behind that number, it's still not ideal.

"We might be in the kind of 80-day lead time where we would ideally be in the 40s. The industry is more like 120 days lead time into the U.S.," he said.

Outside the U.S., Campion said the company is moving toward expanding the countries where it sources product. With footwear, for example, 45 to 50 percent of product is made in Vietnam and 15 percent in China.

"We want to be more agile and resilient," he said. "And so that means diversifying where we make product. We're looking at a range of different countries like India, which is potentially a big opportunity."

So with manufacturing as well as distribution, where it has been hampered by the logjam at the ports in Long Beach, Calif., he said, "what we're realizing is that the single points of scale aren't sustainable going forward."

What is paramount, he said it making sure Nike delivers the right product to its customers at the right time.

"This idea of right product – both the specific styles as well as volume – right place and right offer is increasingly an end-to-end supply chain issue," he said.

A Nike distribution center in Ham, Belgium.



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